

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	63676	Agenda Number	6.
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Meeting Date:	10/20/2016	Department:	Treasury
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Subject

Approve a resolution authorizing the issuance by Pilot Knob Municipal Utility District No. 3 of Unlimited Tax Bonds, Series 2016, in an amount not to exceed \$3,250,000.

Amount and Source of Funding

The City has no responsibility for payment on Pilot Knob Municipal Utility District ("District") bonds until the District is full purpose annexed by the City.

Fiscal Note

There is no fiscal impact. A fiscal note is not required.

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Art Alfaro, 512-974-7882; Bart Jennings, 512-972-0118; Virginia Collier, 512-974-2022.
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Council Committee, Boards and Commission Action:	October 12, 2016 - Water and Wastewater Commission recommended approval of the resolution of a vote of 8-0 with Commissioners Kellough, Ito, and Turrieta absent.-
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MBE / WBE:	
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Related Items:	
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Additional Backup Information

Pilot Knob Municipal Utility District No. 3 (the "District"), a political subdivision of the State of Texas, was created under the laws of the State of Texas by House Bill No. 1758, Acts of the 82nd Texas Legislature, Regular Session (2011), Chapter 987, now codified as Chapter 8377, Subtitle F, Title 6, Texas Special District Local Laws Code (the "Enabling Legislation"), and operates under Chapters 49 and 54 of the Texas Water Code. The Enabling Legislation became effective May 25, 2011, and created the District, subject to the consent of the City of Austin (the "City") to the creation.

The City consented to the creation of the District by Council action taken March 22, 2012 (the "Consent Ordinance") and under the terms of the Consent Agreement between the City, the District, and Carma Easton LLC, a Texas limited liability company (the "Developer") dated effective as of April 13, 2012 (the "Consent Agreement"). The City and the District entered into a Strategic Partnership Agreement dated as of June 4, 2012 (as amended, the "SPA"), as authorized by Section 43.0751, Texas Local Government Code, which sets forth the terms and conditions of the City's annexation of the land within the District and on which the District will continue to exist as a limited district,

Pilot Knob Limited District No. 3 (the "Limited District"), in accordance with Section 43.0751, Texas Local Government Code, and the Enabling Legislation following the City's full-purpose annexation of the land within the District as provided in Consent Agreement and the SPA.

The District, which currently contains 644.135 acres of land, is located within the extraterritorial jurisdiction of the City in southeast Travis County, Texas. The District is located approximately eight miles southeast of the downtown portion of the City, adjacent to the east side of McKinney Falls Parkway and approximately one mile west of U.S. Highway 183. An extension of William Cannon Drive, the initial phases of which are under construction, bisects the District in an east-west direction. Cottonmouth Creek traverses the District in a north-south direction. The Austin-Bergstrom International Airport is located approximately four miles to the northeast of the District.

The District is required to obtain City approval for all bond sales pursuant to the Consent Agreement. The City has received a request from the District to approve a District bond sale in the amount of \$3.25 million for the Water, Wastewater and Drainage proposition. After the proposed bond issue, approximately \$91.3 million in authorized but unissued bonds will remain in this proposition, with an additional approximately \$7.8 million unissued for the Recreational proposition, and approximately \$47.7 million unissued for the Roads proposition. The City of Austin provides retail water and wastewater, but the debt for the infrastructure is paid by the District.

The proceeds from the proposed bond sale will fund the District's share of water and wastewater improvements including 30-inch wastewater line, Phase 1A; Easton Park Section 1A, force main; Pilot Knob pumpover lift station and related project and issuance costs.

The District bonds are the sole obligation of the District until the City full purpose annexes the District.

City departmental staff from Austin Water, Parks and Recreation, Planning and Zoning, Neighborhood Housing and Community Development, Watershed Protection, and Law reviewed the District's Consent Agreement and its amendments. The District was found to be in compliance with the terms of the agreement. The City's Financial Services Department and the City's Financial Advisor have reviewed the District's proposed bond sale and recommend approval.